



How to Qualify and Apply for Vehicle Tax Exemptions

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If you plan to operate a vanpool as described in this publication, you may qualify for two Washington State tax exemptions:*

When you **purchase or lease** a van to be used primarily for vanpooling for at least 36 consecutive months by seven to fifteen people on a regular basis, you will be exempt from the sales or use tax. (See RCW 82.08.0287 and 82.12.0282 in Appendix C.)

When you **license** a van used for vanpooling you will be exempt from the excise tax portion of the license fees for as long as you conform to the state standards on vanpooling. This exemption also applies to a van you currently own. (See RCW 82.44.015 in Appendix C.)

*Note: Vehicles used for commuter ridesharing by five or six people on a regular basis may also qualify for these exemptions, although the application requirements are somewhat different. For more information on exempt categories for ridesharing see Appendix B.

Most-Asked Questions

The following questions and answers should help to clarify the application and enforcement procedures for rideshare tax exemptions and licensing.

How do I claim tax exemptions on a new or used van I am purchasing?

Your local licensing subagency processes all claims for rideshare tax exemptions, including sales, use, and excise tax exemptions on new or used vehicles and issuance of special “Rideshare” license plates.

As a first step, we recommend visiting your local licensing agency before purchasing or leasing your van to familiarize yourself with the titling and transaction forms required, and to pick up the Rideshare Plate Application you need to submit along with the other forms in order to qualify for exemptions. The process is similar, whether you are purchasing a new or used van from a dealer or purchasing a used van from an individual.*

If you are purchasing a new van the dealer will usually offer to fill out all of the documents for you as a service. In the case of a vanpool vehicle these documents need to reflect your intent to vanpool and your exempt status. If unfamiliar with the rideshare exemptions and how to properly fill out the State titling forms, have your dealer contact the Washington State Department of Licensing, Specialized Licensing Unit, for assistance at (360) 902-3770.

**Note:* Either you or your dealer need to attach your Rideshare Plate Application form to your titling forms and submit them together. Rideshare applications are taken on an individual basis, so your local licensing agent will contact Olympia to verify that you qualify before processing your application. In all of the above cases, when purchasing and licensing a van, you will pay your basic fees for filing, application, inspection and any penalty fees applicable.

What if I decide to lease a van? How do I claim exemptions?

The process is the same. Upon signing your leasing papers, be sure your dealer or lessor knows you wish to claim rideshare exemptions. You will also need to complete and submit a Rideshare Plate Application.

How soon after claiming these tax exemptions must the vanpool actually begin to operate?

From the date of application for exemption from the sales tax, you have thirty (30) days to get your vanpool operational.

How long does the van have to be used for vanpooling to keep the tax exemptions?

After an exemption from sales tax has been granted, the van must be used regularly to commute for the next 36 consecutive months, except for an occasional work day off or reasonable vacation. If you stop using the vehicle for vanpooling during this 36-

month period, you must pay the full amount of the sales or use tax, and the remainder of the excise tax for the year you were exempt.

Do my license plates need to be renewed even though I am exempt from excise tax?

Yes, the motor vehicle excise tax is collected at the time of license renewal each year. You will need to fill out the Rideshare Plate Application again and pay renewal fees only. If you stop vanpooling, the law requires you to notify the Department of Licensing. Prorated excise tax will be due for the remainder of the registration period, and replacement plates need to be purchased.

Do currently-owned vans qualify for tax exemptions?

The sales or use tax exemption only benefits someone who is buying or leasing a new or used van. However, the motor vehicle excise tax exemption does apply to vans you already own. Simply

apply for the exemption at the time you renew the license on your van. Ask for the Rideshare Plate Application. Fees vary somewhat for individual counties, so call your local licensing agency for up-to-date fee information.

Does the 36-month use requirement apply if I claim only the motor vehicle excise tax (for a van I already own)?

No, the excise tax exemption is granted for the duration of the licensing year, normally a full twelve months. However, if you are granted an exemption for the excise tax and during the year you stop using your van for vanpooling, you must pay the excise tax for the remainder of the license year and surrender your vanpool plates. You must notify the Department of Licensing when you stop vanpooling. You will be charged any excise tax due when replacement license plates are issued.

Can I get a rebate if I've already paid the tax?

Provisions were not made in the legislation for rebate of the sales tax or the motor vehicle excise tax.

What if I claim the tax exemptions but don't use the vehicle for vanpooling?

Intentionally violating the law is considered a gross misdemeanor. (See RCW 46.16.023 and 82.32.290 in Appendix C.) In addition to collecting the tax, the state may impose penalties of up to \$5,000 or a maximum of one year in jail (RCW 9A.20.021 in Appendix C). Your driver's license and vehicle registration may be cancelled.

What if the van is resold? Who pays the taxes?

Each sale of a van is treated separately. You may purchase the van, apply for the tax exemptions and by using the van to vanpool for 36 months, never pay the sales tax. Likewise, when you sell the van after this 36-month period, you

would not pay back the sales tax. If you sell your van before the 36 months have passed, you must pay the full amount of the sales tax exemption you were granted unless you immediately acquire another vehicle and continue to vanpool. In either case the purchaser, however, would have to pay the usual sales tax on the purchase, unless he or she also qualified for the exemptions.

If you have an exemption from the motor vehicle excise (license) tax at the time of the sale of your van, you must notify the Department of Licensing that you are no longer vanpooling. You will be notified if you owe any portion of the excise tax. This applies whether you sell the van before or after the 36-month period. Plates may be transferred to another qualified vehicle, owned by you, at any licensing office. Replacement Rideshare plates are also available through any licensing office.

Who can I contact for further assistance with ridesharing exemptions and licensing?

Each year the Revised Code of Washington (RCW) brings about changes in licensing fees, forms, and procedures. To avoid confusion, we have not attempted to recreate titling documents and other forms in this guide.

In contacting several licensing agencies in King County, we found some more knowledgeable than others about rideshare licensing laws and procedures. However, all

were able to answer our questions through their State Liaisons in Olympia. If you run into problems have your local licensing agent call their Olympia liaison or you can contact:

Washington State Department
of Licensing
Specialized Licensing Unit
P.O. Box 9043
Olympia WA 98507-9043
(360) 902-3770 - Option 5
For on-line information contact
<http://www.wa.gov/dol/vehicles/tr-spp.htm#rideshare>